

THE CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

STAFF REPORT

DATE: November 3, 2020

TO: Committee of the Whole

FROM: Rhonda Whitmarsh, Treasurer

SUBJECT: 2020 Amendment to the Development Charges background study and By-law

RECOMMENDATION:

THAT Committee of the Whole recommends that Council approve an amendment to the Development Charges background study and by-law to address changes made by the Province of Ontario to the *Development Charges Act* by Bill 108; **AND FURTHERMORE THAT** the amendment be completed by Watson and Associates Economists Ltd. at a cost of \$8,650 including non-recoverable HST to be funded first from development charges in the amount of \$7,785 and the balance of \$865 from other professional fees in the 2020 administration budget.

BACKGROUND:

The Municipality's development charges background study was completed in 2018 and by-law 18-88 was passed by Council on September 18, 2018. The by-law will be in effect for 5 years.

Over the last year, the Province of Ontario undertook a review of the *Development Charges Act* by Bill 108, the *More Homes More Choice Act*. On September 18, 2020, the Bill was proclaimed beginning a two year transition period to the new regimes.

DISCUSSION:

One of the amendments to the *Development Charges Act* with a financial impact that should be addressed as soon as possible is the removal of the statutory 10% deduction for "soft services". Soft services included services for administration, parks and recreation, libraries and childcare.

By-law 18-88 was developed based on the legislation at the time which indicated that the maximum funding from development charges that could be applied to a project that is considered a soft service is 90%. The recent amendment to the legislation changes the maximum to 100% like all of the other services included in the background study such as fire, roads, water and sewer, etc.

The total value of work included in the background study for soft services is \$4,777,604. The 10% statutory deduction for all of this work is \$399,012. This means that if the by-law is left as it is, the amount of \$399,012 would have to be funded from some other source, most likely taxation. If the by-law were to be amended, the \$399,012 exemption would be removed and could then be recovered from development charges eliminating the need to provide funding from some other source.

At the same time, by-law 18-88 would be reviewed to make sure any other policy changes resulting from the amendment to the *Development Charges Act* by the Province are also incorporated.

The cost to amend the development charges background study and by-law by Watson and Associates Economists Ltd is \$8,500 plus non-recoverable HST for a total of \$8,650. The amendment is one of the projects allowable under the development charges study and can therefore be partially funded from development charges in the amount of \$7,785 leaving a balance to come from other professional fees in the 2020 administration budget of \$865.

As a requirement of the legislation, there is a process to complete an amendment to the Development Charges study and by-law as follows:

Process Step	Timing
1. Update D.C. Calculation and Rules <ol style="list-style-type: none">Update the D.C. calculations with respect to removal of the 10% deduction and the change in eligible services.Update the D.C. by-law rules, inclusive of the updated requirements of the D.C.A. and other policy items identified by staff	
2. D.C. background study and proposed D.C. by-law available to public on the municipality's website	At least 60 days prior to passing the D.C. by-law and at least two weeks prior to the public meeting.
3. Statutory notice of Public Meeting advertisement placed in newspaper(s)	20 clear days (i.e. not counting day of notice or day of meeting) prior to public meeting
4. Public Meeting of Council	

Process Step	Timing
5. Council considers adoption of D.C. background study and passage of by-law	
6. Newspaper notice given of by-law passage	By 20 days after passage
7. Last day for by-law appeal	40 days after passage
8. Municipality makes available D.C. pamphlet	by 60 days after in force date

The ability to recover as much funding as possible from development charges for soft services cannot change unless an amendment to the development charges background study and by-law is undertaken.

FINANCIAL IMPLICATIONS:

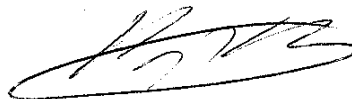
The financial implications are included in the discussion section of this report.

SUMMARY:

I am recommending that an amendment to the Development Charges background study and by-law be undertaken to address the removal of the 10% statutory deduction for soft services and any other policy changes resulting from Bill 108.

Respectfully submitted by,

Reviewed by:

Rhonda Whitmarsh,
Treasurer

Ken Kelly,
CAO